

CONFIDENTIAL

16/FUR

INTERNATIONAL
SECURITY AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

20 February 1981

In reply refer to:
I-05292/81

MEMORANDUM FOR THE RECORD

SUBJECT: Secretary of Defense Meeting with Turkish Deputy
Prime Minister - 20 February 1981

Secretary Weinberger met with Turkish Deputy Prime Minister, Turgut Ozal, in the Pentagon on 20 February 1981. The following principle topics were discussed:

- Aircraft Assembly Project. GOT has technical competence and military need for in-country assembly of either F-16 or F-18 aircraft but economies of scale and limited funds preclude such a project. GOT had preliminary discussions with Saudis, who would make an ideal partner and who appeared interested in cooperative schemes that would strengthen stability in area. GOT hoped US could encourage Saudi Arabia.
- FMS Direct Credit. GOT was pleased with increased FMS level of \$400M (FY 82) and that \$200M would be direct credit, which GOT hoped would be at 2 percent interest with extended repayment.
- FMS Indirect Credit. Given Turkey's difficult economic situation, commercial terms added to problem, e.g., GOT pays back 3 times what it borrows. Some portion of the indirect credit should be converted into either (i) grants, which would also allow "access to excess" US equipment, or (ii) half of the amount be "forgiven" as the US does in the case of Israel. US-GOT used to have more cooperative security relations, which could be restored by US willingness to help with these problems.
- Coproduction. High cost of equipment acquisition, even with help of credit, constrained meeting GOT's highest military priority needs. Coproduction (in-country production) offered promising possibilities and would help Turkish economy. Messrs Perry and Garber (DR&E) had been pleased by Turkish capability and indicated desire to help on a variety of projects but very little has so far resulted. GOT needs US support to get such projects under way and for US military to purchase appropriate items from Turkey.
- "Lost" \$50M FMS Credit. GOT believes US should restore \$50M FMS credit, lost because of FY 80 congressional delays under Continuing Resolution Authority, which they would like to use for coproduction projects.

OSD review

CLASSIFIED BY: DIR, completed TO AFFAIRS
DECLASSIFY ON: 20 Feb 87**CONFIDENTIAL**

CONFIDENTIAL

2

- SecDef Visit. SecDef was invited to visit Turkey whenever his duties allowed, hopefully this summer.

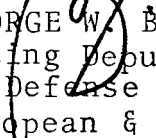
In reply Secretary Weinberger

- Expressed interest in Turkish-Saudi cooperative projects and said he would discuss with Secretary Haig.

- Said he would look into the Security Assistance issues mentioned and discuss the "lost" \$50M with Secretary Regan but that at a time of U.S. economic retrenchment the U.S. had problems too.

- Noted U.S. continuing interest in "coproduction" possibilities and would retrieve the Perry reports and see what could be done.

- Acknowledged his desire to visit Turkey, perhaps in conjunction with one of the NATO ministerial meetings, ~~this spring~~


GEORGE W. BADER
Acting Deputy Assistant Secretary
of Defense
European & NATO Affairs (ISA)

CONFIDENTIAL